

Widening the Pool: Open and Inclusive Grant Competitions

LESSONS LEARNED FROM THE SOCIAL INNOVATION FUND

INTRODUCTION

Openness and transparency are hallmarks of the Missouri Foundation for Health's grantmaking. Created in 2001 when Blue Cross Blue Shield of Missouri converted from nonprofit to for-profit status, the grantmaker is bound under its bylaws to comply with a state law that requires open board meetings and public records of all decisions.

The same commitment to see-through operations guides the Missouri grantmaker's processes when it comes to inviting proposals and awarding funding. The foundation issues requests for proposals (RFPs) for all grants. Meetings of the program and grants committee, which is charged with discussing proposals and making recommendations to the board of directors, are open to the public.

While some grantmakers might feel uncomfortable with this level of transparency, Program Officer Amy Stringer Hessel said she and her colleagues (and the board, too) view openness as a plus for their grantmaking. "We find that people have more of an understanding of our processes and they have more confidence that we are making good and sound decisions," she said.

Lessons from the Social Innovation Fund

The federal government's Social Innovation Fund, which aims to broaden the impact of promising community-based solutions across the country, requires participating grantmakers (known as intermediaries) to design and manage open grantmaking competitions as a condition for receiving public funds.

In the course of their work, these grantmakers are learning a great deal about what it takes to run an effective competition that is truly open and transparent. In areas from communications to working with external panels of reviewers, they have a variety of lessons to share about what works, what doesn't and why.

As part of its *Scaling What Works* initiative, Grantmakers for Effective Organizations recently spoke with representatives of four organizations that are part of the Social Innovation Fund's inaugural class of grantmaking intermediaries. The grantmakers sharing their experiences for this document included the following:

- ▶ **Local Initiatives Support Corporation.** The goal of LISC's Social Innovation Fund project is to support organizations implementing Financial Opportunity Centers, a specific, integrated service-delivery model that will result in increased net incomes, credit scores, long-term job retention and, ultimately, net worth for low- to moderate-income individuals.
- ▶ **Missouri Foundation for Health.** The Missouri Foundation for Health's Social Innovation for Missouri project is supporting communities across the state as they work to expand physical activity options, encourage healthier food choices and reduce overall tobacco use.
- ▶ **New Profit Inc.** New Profit, in partnership with a group of eight collaborating funders (both past and current), is working with six innovative youth-focused nonprofit organizations to yield significant improvements in helping young people navigate the path from high school to college and on to meaningful employment.
- ▶ **REDF.** Based in San Francisco, REDF is using its Social Innovation Fund dollars to support nonprofit social enterprises that hire low-income people with multiple barriers to employment.

This guide draws on our interviews and research to offer guidance to any grantmaker who may be thinking about initiating a competitive grantmaking process or about making existing processes more open, inclusive and transparent.

What Does a Truly Open Process Look Like?

Many grantmakers have experience running competitive grantmaking processes. The primary means for initiating these processes is the RFP, which invites nonprofit organizations to submit ideas and plans, along with their qualifications, for engaging in work on a specific topic.

The level of competitiveness, openness and inclusivity associated with these types of competitions varies widely, however. While some grantmakers have developed fully open and transparent processes, a far more common approach is to target an RFP to a select group of known organizations, including nonprofits that a grantmaker has worked with in the past.

Similarly, the more common approach to grantee selection is to do everything in-house, with staff and board members determining their own goals for social outcomes, setting eligibility requirements, reviewing proposals, making grant decisions and then communicating privately with successful and unsuccessful applicants alike (perhaps with an after-the-fact press release announcing the winners).

A fully open and inclusive process would look different:

- ▶ To begin with, the grantmaker would make every effort to reach out to a wide range of eligible organizations and individuals so they know about the funding opportunity and how to apply.
- ▶ In addition, the grantmaker would review applications and conduct its due diligence in a way that ensures that everyone involved in the process understands the criteria behind the grantmaker's decisions and the processes by which those decisions are made as well as what will be requested of applicants and at which times.
- ▶ The grantmaker also would seek the help and involvement of people outside the grantmaking organization (including other funders, nonprofit leaders and community representatives) in everything from applicant outreach to application review and decision making.

The Benefits of Openness

While open competitions can result in added work, they also can yield important benefits. At the top of the list is that open competitions can introduce grantmakers to a wider pool of potential grantees doing great and meaningful work on the issues at the heart of each grantmaker's mission.

By running an open competition, a grantmaker also can tap into new ideas and new solutions — whether they are emergent or time tested by others — to persistent social and community problems.

This marks a shift from a process in which grantmakers (and their consultants and academic advisers) set strategies for social change. An open process, in contrast, is one in which solutions rise up from the communities and the people who have a firsthand understanding of what the problems are as well as the most promising approaches to solving them.

In addition, a truly open process can help a grantmaking organization fulfill its public purpose by ensuring accountability, inclusivity and (it is hoped) the maximum possible impact on problems facing communities and society.

Designing a Successful Process: Key Considerations

The grantmakers profiled in this guide offered information and insights around seven aspects of the grantee selection process, including the following:

1. Clarify your criteria
2. Build a team to manage the process
3. Nurture partnerships and collaboration
4. Ensure good communications and outreach
5. Provide the technical assistance applicants need
6. Right-size your due diligence processes
7. Create an open and effective review process

1. Clarify your criteria

Any grantmaker that is running a competitive selection process will want to establish a clear (and clearly communicated) set of criteria to ensure that it receives applications from qualified organizations whose activities and goals are a good fit for the initiative.

The question is how specific, and therefore how limiting, a grantmaker wants the criteria to be. Place too many restrictions on who can apply and you might discourage some promising and qualified organizations from taking part. Define the criteria too loosely, on the other hand, and you might create unrealistic expectations and receive a flood of applications that aren't a good fit.

New Profit, according to Managing Partner Doug Borchard, established specific “gating criteria” that were intended to

About the Social Innovation Fund

The Social Innovation Fund is an initiative of the federal government's Corporation for National and Community Service intended to improve the lives of people in low-income U.S. communities. It does so by mobilizing public and private resources to grow promising, innovative, community-based solutions that have evidence of compelling impact in three areas of priority need: economic opportunity, healthy futures and youth development.

The Social Innovation Fund awards funds to grantmaking institutions (“intermediaries”), which provide the grantmaking mechanisms to deliver Social Innovation Fund dollars locally. Such organizations have a track record of identifying, supporting and investing in the growth of promising community-based solutions. Each intermediary is required to match its federal grant dollar for dollar, in cash, and then regrant the funding to “subgrantee” organizations it has selected through an open and competitive process.

The subgrantees selected by the intermediaries must operate programs to improve measurable outcomes in one or more of the fund's designated issue areas and are required to generate a dollar-for-dollar cash match for their grants. As a result, the Social Innovation Fund provides leverage by aggregating philanthropic and government resources so that the most effective approaches can be expanded to reach more people in need and key lessons can be captured and broadly shared.

To learn more, visit www.NationalService.gov/Innovation.

limit its applicant pool to organizations that had the capacity, in the grantmaker's judgment, to have a national impact on student success. This meant an applicant had to be operating programs in more than one state and needed a minimum budget of \$3 million.

"We debated whether we wanted to open it up a little more, but given the ambitious goals and the short time frame for this work, we needed to know these organizations were capable of taking their work to a higher level," he said.

Another criterion that was a focus for New Profit, as well as other intermediaries, was the applicants' experience with and commitment to evaluation. Because of the Social Innovation Fund's emphasis on rigorous evaluation of program results, intermediaries were committed to identifying nonprofits that were ready, willing and able to make evaluation a cornerstone of their work. Understanding that most nonprofits would not have the necessary evaluation capacity in place to meet the requirements of the Social Innovation Fund, the intermediaries were prepared to offer technical assistance and other support to subgrantees as they developed that capacity.

LISC, in particular, devoted a great deal of attention to the degree to which applicants were "outcome focused" in their work, according to Kevin Jordan, the organization's program director for family income and wealth building. Other intermediaries, however, cautioned that expecting nonprofits to have sophisticated evaluation and measurement systems in place might be asking too much.

"Most of the organizations we looked at had not gone through the kind of rigorous evaluation that we knew would be required and that we wanted to see as part of this work," Esther Kim, REDF's portfolio director, said. As a result, REDF decided that evaluative capacity alone could not be considered a key criterion in the review process. "We had to lead with the goals of the grant and then assess the ability and willingness of these organizations to participate in a rigorous evaluation," Kim said.

The bottom line is that different grantmakers will have different priorities when it comes to weighing the core capacities of applicants responding to an open competition. The key is to be clear at the outset what the main criteria are and to use due diligence and scoring systems to focus on what matters most (see page 7).

In addition, grantmakers should consider the extent to which some of their criteria may be based on unrealistic expectations of nonprofits and whether they can provide technical assistance and engage with organizations in other ways to develop some of the capacities they are seeking.

DESIGN KEYS:

Clarifying Your Criteria

- ▶ Try to find Goldilocks criteria that are just right for your goals — specific enough to keep a reasonable limit on applications but flexible enough to ensure that you don't turn off applicants who could potentially do the work well.
- ▶ Think about the core organizational capacities that will be important in executing the grant, such as the capacity for evaluation or communications and outreach.
- ▶ Consider whether it is reasonable to expect nonprofits to have the necessary capacities in place right now or whether you can work with them to develop or refine those capacities after the grant award.

2. Build a team to manage the process

Meeting the federal government's requirements for openness and transparency required all of the Social Innovation Fund intermediaries to create cross-department and cross-program teams to collaborate in the design and management of the process. For many of the grantmakers, this was an all-hands-on-deck exercise that included a wide range of staff members.

The Missouri Foundation for Health, for example, had 10 of its 45 staff members working on its selection process at one time or another, according to Hessel. "We like to work in cross-functional ways, so we put a team together including staff with expertise in everything from policy and communications to evaluation," Hessel said.

Recognizing that they needed outside help to design and manage their processes, many of the Social Innovation Fund intermediaries hired consultants to provide added expertise in areas from technology development and evaluation to the provision of technical assistance to applicants and subgrantees.

REDF worked with outside consultants to assess the financial capacity of applicants and worked with a technology consultant to develop its Web-based system for managing the grant competition and selection process. Meanwhile, the Missouri Foundation for Health used consultants to provide time-limited technical assistance to applicants as they developed their proposals (see page 6).

DESIGN KEYS:

Building Your Team

- Break down organizational silos to create a staff team that can collaboratively manage your competitive grantmaking process.
- Find consultants who can help with specific aspects of the process, from evaluation and the use of online systems to technical assistance for applicants.

3. Nurture partnerships and collaboration

The experiences of the Social Innovation Fund intermediaries are a reminder that grantmakers should avoid the tendency to go it alone in designing and implementing a competitive grantmaking process. Many of the intermediaries have reserved important roles in their grantmaking competitions for nonprofit leaders, community members and funding partners.

By reaching out to and involving these groups, these grantmakers are demonstrating the extent to which stakeholder engagement is a crucial element of an open process.¹ Not only can a grantmaker's partners bring added skills and expertise to the process, but they also can help raise awareness of the funding opportunity among targeted groups.

LISC, for example, formed local committees of nonprofit and community representatives to review and score applications for their communities. These committees were organized by LISC offices in the cities targeted for the project.

Involvement of nonprofit representatives also was a key feature of New Profit's application review process, according to Borchard. Nonprofits were represented by leaders from three organizations that New Profit had preselected as Social Innovation Fund subgrantees.² As active participants in discussions with New Profit and its funding partners, the nonprofit representatives "played

¹ For more on the topic of stakeholder engagement, see the GEO publication *Do Nothing about Me without Me: An Action Guide for Engaging Stakeholders* (2010). Available at www.geofunders.org.

² In subsequent rounds of the Social Innovation Fund, intermediaries are not permitted to preselect subgrantees.

an important part in working alongside us to build a solid portfolio rather than feeling that the funders were going to be telling them who they had to collaborate with,” Borchard said. He added that the involvement of the subgrantees helped create a “learning community” of grantmakers and nonprofits that has brought added value to the Social Innovation Fund project for all involved.

New Profit also worked closely with its co-funders in the Social Innovation Fund initiative. Working as a team, the group reached agreement on a shared process and shared policies for proposal review and grantee selection. In addition, funding partners were intimately involved in reviewing applications, conducting due diligence and making final decisions.

“We wanted to involve everyone up front so we could come up with the best possible plan,” Borchard said. “This was a team effort from the start.”

DESIGN KEYS:

Nurturing Partnerships and Collaborations

- ▶ Engage nonprofit and community representatives to help spread the word about the funding opportunity among key stakeholders.
- ▶ Bring in nonprofit and community representatives to help review and score applications so it’s not about what only you think.
- ▶ Reach out to other funders to tap their expertise and to broaden support for the initiative and the nonprofits involved.

4. Ensure good communications and outreach

A strategic communications plan is essential to an open and transparent grantmaking process, especially in instances when a grantmaker is seeking to widen the circle of potential grantees beyond its traditional applicant pool. The goal from the start should be to ensure that everyone who should know about the program knows about it and understands how to apply.

To ensure broad participation in its Social Innovation Fund project, the Missouri Foundation for Health organized a “road show,” with foundation staff visiting 13 communities during a five-day period.

“We really pushed the word out on this, placing articles in local papers and bringing people together in restaurants and other community locations,” Hessel said. During the community meetings, which drew anywhere from 30 to 100 people, Hessel joined with the foundation CEO and other staff to give a presentation about the project and answer questions.

The other grantmakers interviewed used a range of communications tactics to spread the word about their competitions, from email blasts to conference calls. Not only did these activities generate applications, but they also were an opportunity to raise the profile of the grantmakers’ work and the grantmakers’ involvement in the Social Innovation Fund before key audiences, including other funders who might be interested in supporting this work.

The Social Innovation Fund intermediaries also used their websites or created separate microsites to provide an array of materials and information to applicants during the selection process.

DESIGN KEYS:

Ensuring Good Communications and Outreach

- ▶ Develop a strategic communications plan that shows how you will get the word out to the maximum number of applicants about the funding opportunity.
- ▶ Use email blasts, conference calls, media outreach, community presentations and other strategies and tools to spread the word.
- ▶ Create a page on your website dedicated to the competition, with regular updates and more.

5. Provide the technical assistance applicants need

The Social Innovation Fund intermediaries profiled here provided varying levels of assistance to applicants as they prepared their proposals. All of the grantmakers expressed an interest in helping applicants understand the process and the requirements associated with applying for these funds. Another goal of technical assistance in competitive grantmaking processes is to help ensure that applicants are

producing solid proposals that provide grantmakers the information they need to make their decisions as efficiently as possible.

If REDF were to have one do-over, in fact, Kim said it might involve providing more assistance to nonprofits prior to their applications. She said that government and philanthropy need to understand the importance of preparing organizations to participate in these types of processes so they produce high-quality applications and so they understand the requirements and expectations of the funders.

Interviews for this guide surfaced an interesting tension in the grantmakers' approach to technical assistance. While they were intent on providing nonprofits with what they needed to prepare high-quality, competitive applications, the grantmakers also wanted to ensure that they designed an even-handed process that didn't favor some applicants over others.

"In retrospect, we probably could have been a little more helpful than we were, but we were very cautious about wanting to be fair and not wanting to discriminate in terms of whom we were helping," Jordan said.

As questions came in from applicants while they were preparing their proposals, LISC developed and expanded an FAQ document on its website so that everyone had access to the same information. REDF, for its part, held technical assistance conference calls and posted recordings of them on its website, as well as maintained an FAQ document in response to questions.

Applicants to the Missouri Foundation for Health's Social Innovation Fund project, meanwhile, could get two hours of technical assistance from foundation consultants in building out their project plans and full proposals. The foundation also hosted pre-application conference calls and made evaluation staff available to discuss measurement issues. "We sent applicants a matrix of contacts and specified what types of information they can and can't provide," Hessel said.

DESIGN KEYS:

Providing Technical Assistance

- ▶ Consider what you can do to help potential applicants understand the process and the requirements associated with submitting proposals.
- ▶ Organize conference calls, webinars and other events wherein applicants can have easy access to the information they need to submit a quality proposal.
- ▶ Track the questions and requests for information that you are receiving during the application process, and post an FAQ document online available to all applicants, responding to the most common issues raised.

6. Right-size your due diligence processes

Open grant competition or not, an important consideration for all grantmakers in their interactions with applicants for funding is what information to ask for and when.

One question that can help guide the process is how much you are asking of applicants (as measured by the time and resources required to participate in the process) relative to the size of the grant. The goal should be to gather the information and answers you need to make an informed decision but to do so in a respectful way, without placing an undue burden on nonprofit applicants and grantees.³

³ For more on this topic, see the GEO publication *Due Diligence Done Well: A Guide for Grantmakers* (2010), written by La Piana Consulting. Available at www.geofunders.org.

The tension between getting enough information and not asking for too much can be even greater for grantmakers running an open and competitive process. Among the reasons are that these grantmakers likely will be receiving proposals from organizations with which they may not be familiar. As a result, grantmakers may want more information than they might require of organizations they have funded in the past.

The grantmakers participating in the Social Innovation Fund have worked to resolve these tensions in a number of ways. For example, the Missouri Foundation for Health first asked for a five-page concept paper from applicants so it could review basic organizational capacities and weigh the geographic distribution of the applicant pool and other issues. Based on the concept papers, the foundation then invited full proposals from a subset of groups.

REDF took a similar approach and was deliberate about issuing a request for qualifications (RFQ) rather than an RFP. In addition to ensuring that applicants would not be spending untold hours preparing their submissions, the RFQ served REDF's broader interest in working closely with subgrantees on the design of their initiatives.

After reviewing the RFQs, REDF followed up as needed to request more information from applicants, conduct interviews and site visits, and engage in other due diligence. "We wanted to make this as unburdensome as possible for applicants and ask for more information only as we needed it," Kim said.

To manage the flow of information, REDF built a Web-based RFQ into its Salesforce grants management platform that allowed applicants to complete their applications online. Staff and consultants could access the applications and update due diligence research and notes while making the information available to external reviewers on a read-only basis.

Good communication is essential to an efficient due diligence process; grantmakers should work to make sure that applicants understand from the start what is going to be required of them and when. REDF spells out its

selection criteria, the process for selecting subgrantees and more in a document on the grantmaker's website.⁴

DESIGN KEYS:

Right-Sizing Due Diligence

- ▶ Make sure you're getting enough information to make an informed decision but not asking nonprofits to jump through extra hoops.
- ▶ Structure a phased application process in which you ask for more information and more time from applicants as they make it closer to the pool of finalists.
- ▶ Communicate early and often about what applicants need to submit and when.

7. Create an open and effective review process

To protect the integrity of a competitive selection process, grantmakers should make every effort to ensure that all applications are reviewed and scored on a consistent and fair basis. The Social Innovation Fund intermediaries we spoke with developed a range of procedures and guidelines for application review.

LISC's local review committees, for example, awarded weighted points to various components of each organization's application (program description, performance indicators, etc.) based on guidelines provided by the national LISC office. The national office then reviewed their recommendations and made final grant decisions.

While LISC and others used numerical rating systems in their application review process, REDF's was a simple, color-based system that rated each applicant as red, yellow or green across nine criteria. Kim said REDF's board and staff preferred the color-based system because they were interested in taking a broader look at the panel's recommendations and adjusting the final portfolio as needed, based on such considerations as geography, target population diversity and more.

⁴ For more information, see the REDF guidance document "2011 REDF SIF Subgrantee Selection Process and Criteria: Guidance for Applicants" (2011). Available at www.redf.org/rfq.

“We didn’t want to be bound by numerical rankings because we wanted to preserve flexibility of judgment for building a whole portfolio, not just assessing each organization individually,” Kim said.

All of the grantmakers we spoke with provided training and developed guidelines to help ensure that all reviewers (internal and external) had a shared understanding of the scoring process and what factors and capabilities were most important. In conference calls, face-to-face meetings and other venues, the grantmakers briefed reviewers on the goals of the work and on what would constitute a successful proposal.

New Profit went so far as to develop dummy proposals for reviewers to read and score (and then discuss as a group) so they could be sure they were all scoring consistently and looking for the same things. Everyone who was reviewing applications (including New Profit staff, funding partners and preselected grantees) took part in a training session aimed at “getting everyone on the same page,” Borchard said.

A related takeaway from the interviews is that grantmakers should be clear with all reviewers about their role in the process. This means spelling out your expectations of them (such as when you will want their input as well as what kind of input you expect). It also means communicating clearly about the extent of the reviewers’ influence on the process and about where (and by whom) the ultimate decisions will be made.

DESIGN KEYS:

Creating an Open and Effective Review Process

- ▶ Develop written guidelines and provide training for everyone who is reviewing applications so reviewers can score the applications consistently and fairly.
- ▶ Consider the use of flexible ranking systems (e.g., red-yellow-green) rather than numerical scoring to preserve flexibility in making final decisions.
- ▶ Be clear about your expectations of reviewers, their role in the process and the extent of their influence on final decisions.

Dealing with Conflicts of Interest

Conflicts of interest can be an inevitable part of the grantee selection process, particularly in instances when grantmakers engage other funders and nonprofit and community representatives to help review applications and make decisions. If not properly managed, such conflicts can raise doubts about the integrity of the process.

The Social Innovation Fund intermediaries with whom we spoke dealt with the possibility of conflicts in a number of ways. LISC’s policy, for example, was that if anyone had a material interest in any particular application, that person could not serve on a local review committee. Meanwhile, REDF required everyone involved in the review process (both internally and externally) to sign a conflict-of-interest form. New Profit, for its part, barred any funding partners who had a funding relationship or were engaged in other partnerships with applicants from reviewing and scoring those applications.

NEW PROFIT'S FOUR-PHASE APPLICATION REVIEW PROCESS



To whittle 50 organizations down to three, New Profit designed an elaborate four-phase review process that required more information and involvement from organizations as they moved closer to the final pool of subgrantees. "At each stage, we would go a little deeper in the level of analysis we were doing and in the time and information we were requesting from each organization," Borchard explained.

The four phases of the New Profit process included the following:



PHASE
1

During the first phase, applicants completed an online application that was tailored to zero in on their basic qualifications as well as

indicators of the "direct impact" of their organizations. "For the basic screen, we wanted to know what impacts these organizations were having, what evidence they had to support that and what data they collect," Borchard said.



PHASE
2

Organizations that made it through the first phase then were invited to participate in a 90-minute telephone interview with representatives of New

Profit and its co-investment and nonprofit partners in the initiative. The telephone interviews broadened the assessment criteria to cover such issues as organizational leadership, financial and organizational capacity issues, and the fit between the organization and the broader New Profit portfolio.



PHASE
3

In phase three, New Profit commissioned two evaluations of each of the remaining organizations. One evaluation, based on a rubric developed by New Profit funding partner

SeaChange Capital Partners, assessed the financial capacity of the organizations. The other evaluation, conducted by independent researcher Child Trends, looked at the capacity of applicants to evaluate their impact. This phase also included videoconferences during which New Profit and its partners could ask additional questions of the leadership teams from each of the organizations. Following the videoconferences, New Profit staff prepared investment memos summarizing the strengths and weaknesses of each organization.

New Profit and its funding partners then gathered for a day with representatives of three preselected subgrantee organizations to decide who would advance to the final phase. The subgrantees did not have a vote in this phase but were active participants in the discussions. The group of about 16 people reviewed the investment memo for each organization and heard directly from the evaluators and the teams that conducted the videoconferences.



PHASE
4

In the final phase of the process, New Profit review teams visited the finalists' program sites and conducted interviews with key stakeholders. Objectives of this

review phase were to validate insights from the previous selection phases and to fully understand the long-term health of the organizations as well as likely areas for strategic support and technical assistance. The teams prepared final investment memos and recommendations on the finalist organizations.

Next, in a two-hour conference call, the full group (New Profit, its co-investors and its preselected subgrantees) discussed the information and selected the final subgrantees. Borchard said New Profit developed a decision-making algorithm that awarded votes to funding partners based on how much they had invested in the work, but the algorithm wasn't needed in the end. "There was high agreement on which organizations rose to the top," he said.

CONCLUSION

Designing and managing high-stakes, high-profile grantmaking competitions has prompted the grantmakers interviewed for this document to think differently about how they carry out the work of finding and supporting effective organizations.

Based on its experience with the Social Innovation Fund, for example, New Profit is taking steps to incorporate a more collaborative approach into its standard grantee selection processes by working more closely with other foundations and nonprofit partners. Similarly, the Missouri Foundation for Health is weighing the value of lining up more funding partners for these types of initiatives so that potential applicants know there will be ample resources available to support them in their work.

LISC, for its part, is considering what it can do to strengthen the evaluation and measurement capacities of applicants and grantees. REDF now is weighing how to make competitive grantmaking processes a staple of its future work.

“This has instilled more rigor in our process and systems, and we are looking at how to use what we’ve learned from the RFQ system and due diligence in the rest of our grantmaking,” Kim said.

Kim concluded that she believes REDF’s process for selecting grantees has been “a great achievement and a real learning experience.” She added, “The proof is in the results — we ended up with six amazing organizations, and we are very proud of that.”

All of the grantmakers admitted that running a fully transparent process was not always easy, but they said that openness was crucial to their success. Not only were they able to identify applicants and ideas that a closed process might have missed, but they also found that the outreach and the collaboration that an open process requires delivered important benefits, from new partners and better relationships with nonprofits to an improved reputation for their organizations in the communities where they work.

GEO MEMBER SPOTLIGHT:

Other Examples of Open Grantmaking Processes

You don't know what good ideas are out there unless you reach out beyond the walls of your foundation and ask as well as share. This is a key principle behind the open grantmaking processes administered by grantmakers across the country. The following is a sampling of approaches from GEO members and partners that are not participating as intermediaries in the Social Innovation Fund.

The John S. and James L. Knight Foundation: Challenge Programs Seek to Support Good Ideas and Innovation

The Knight Foundation administers a series of challenge contests aimed at opening up the grantmaking process to anyone with a good idea.

An example is the Knight Arts Challenge. The goal of this contest, which started in Miami and has since been replicated in Philadelphia, is to “draw the best and most innovative ideas out of local organizations and individuals seeking to transform the community through the arts,” according to the Knight Foundation website.

Mayur Patel, vice president for strategy and assessment with Knight, said the foundation's embrace of grantmaking contests reflects a belief that grantmakers should be open to new ideas and innovations that they might not learn about if they keep funding the same grantees in the same ways.

“We are interested in finding new ways to reach out to people and communities and to make our grantmaking more relevant and more accessible for a broader range of applicants,” Patel said.

The Knight Arts Challenge accepts applications from individuals, nonprofits and businesses. Applicants submit an initial 150-word summary of their idea, with those who are selected as finalists then submitting more detailed proposals. All grantees are required to match the Knight Foundation grant with contributions from others.

Knight Arts Challenge winners in 2011 included a Miami theater that planned to host a conference of local writers with national playwrights and an Arab music concert series in Philadelphia aimed at promoting cross-cultural understanding. In the two communities, the Knight Arts Challenge has considered more than 9,600 ideas. An interim review of the challenge highlighted that half of the applicants in Miami were not registered 501(c)(3) organizations and included individuals and artistic collectives.

Patel advised other grantmakers considering similar contest-oriented grantmaking programs to be prepared for a higher volume of applicants by developing the staffing and technology systems to ensure efficient review and tracking of proposals. He also said that grantmakers should use the contests to draw attention to the wide range of ideas received and the short-listed finalists, not just the winners. For more information, visit www.knightfoundation.org.

Foundations Let the Public See Through Their Glass Pockets

While other examples in this guide pertain more to grant competition promotion and applicant review and selection, the same principle of openness holds true when communicating foundation policy, grantmaking strategies, and evaluation metrics and findings.

To this end, a growing number of grantmakers are submitting profiles on Glasspockets.org, the Foundation Center's website designed to inspire increased openness among private foundations and showcase a variety of funder transparency and accountability practices. The public profiles indicate grantmaker usage of a standard set of 23 practices, including things like posting governance policies, annual reports and grantmaking information online, as well as communicating through blogs and social media.

When it comes to grantmaker openness, one size does not fit all. Rather, the creators of the Glasspockets initiative explain, "transparency is an ideal that each foundation has to pursue according to its values and means. It is something to aspire to, beyond compliance with existing regulation, and will be constantly redefined as foundations experiment, get feedback and avail themselves of new technologies."⁵ Nonetheless, the grantmakers who elect to display their glass pockets are taking a key step in building trust with grantees, fellow funders and community members. What's more, they are contributing to ongoing risk taking, learning and dialogue in the field. For more information and to follow this dialogue, visit the Glasspockets blog, Transparency Talk: blog.glasspockets.org.

⁵ Bradford Smith, "Transparency: One Size Does Not Fit All," *Philantopic Blog*, February 9, 2010, <http://bit.ly/9r2LmX>.

ADDITIONAL RESOURCES

For additional resources on open and inclusive grant competitions, check out the Useful Links area in the Resources section of our website: www.scalingwhatworks.org.

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About *Scaling What Works*

Launched in 2010, *Scaling What Works* is a multiyear learning initiative of Grantmakers for Effective Organizations, a thought leader for promoting grantee-centric philanthropic practices that lead to more effective results. With the support of a coalition of 22 funders, GEO aims to expand the number of grantmakers and public sector funders that are working together to broaden the impact of high-performing nonprofits. Through *Scaling What Works*, GEO offers training, networking opportunities and a host of tools and resources to better equip grantmakers to help the nonprofit organizations they support to plan, adapt and grow their impact in creating sustainable benefits for people, their communities and our planet.

For more information about GEO and *Scaling What Works*, please visit www.scalingwhatworks.org.



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